

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
September 9, 2013**

The regular meeting of the Perham City Council was called to order by Mayor Meehl at 5:16 pm in the Council Chambers of the City Administration Building at 125 Second Avenue NE, Perham, Minnesota, all members of the Council having been duly notified of the meeting and the business to be transacted. Mayor Meehl and Council Members Johnson, Mattfeld and Spencer were present.

Staff present: City Manager Klemm, Police Chief Hoaby, EDA Director Johnson, Public Works Director Meece, Finance Officer Stokke and Administrative Assistant Nundahl.

Others present: City Engineer Berube, City Engineer Anderson, Building Official Neisen

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Meehl requested all in attendance to rise for the Pledge of Allegiance.

APPROVAL OF AGENDA

Mayor Meehl stated Council Members and Staff may add items to the Agenda which requires Council action.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved the agenda as presented.

CONSENT AGENDA

Mayor Meehl stated all items listed with an asterisk (*) will be enacted by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests, in which event, the item will be removed from the general order of business and considered separately in its normal sequence on the agenda.

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the Consent Agenda as presented.

***APPROVAL OF MINUTES**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the minutes of the Regular Meeting of the Council held on August 12 and Special Meeting on August 28, 2013.

APPROVAL FOR PAYMENT OF CITY CLAIMS

Finance Officer Stokke requested Council consider approving the following additional claims: Curtis Masonry for \$180, David Dewall for \$450, The Carlson, Hayes Group, LLC for \$450, Perham Focus for \$49 and U.S. Energy for \$329,862.08.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved payment of City Claims in the amount of \$1,836,794.20 for August, 2013.

BONDS FOR THE 2013 IMPROVEMENT PROJECT

Mayor Meehl stated Council may wish to purchase bonds to assist with financing of the 2013 Improvement Project. Todd Hagen representing Ehlers and Associates stated four bids were received. The lowest apparent bid was submitted by Baird from Milwaukee, Wisconsin with a true interest rate of 3.3559%. The bids were reviewed.

Mr. Hagen reviewed Moody's bond rating of A 1 and how it was determined. It was noted, the City's strengths are trend of population growth, regional employment and economic center and our stable financial operations with healthy reserves. The City's challenges are significant concentration within extremely limited tax base and elevated direct debt burden as a percentage of full valuation. Discussion ensued.

On a motion by Council Member Spencer, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution No. 2013 – 33 entitled "Resolution Authorizing Issuance, Awarding Sale, Prescribing The Form And Details And Providing For The Payment Of \$1,115,000 General Obligation Improvement Bonds, Series 2013A".

SMOKE FREE POLICY FOR PACC

Mayor Meehl stated Council may wish to consider approving a Smoke Free Policy for PACC. Council Member Johnson stated PACC's goal is to promote healthy living. The facility is smoke free and PACC Board Members would like to make the grounds smoke free also. A discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the following policy for PACC "The building and grounds of the Perham Area Community Center (PACC) inclusive of the city-owned parking lot directly in front of the PACC, is designated as free from the use of any tobacco products or electronic-type cigarettes which produce vapors to be inhaled".

PROPOSED PROPERTY TAX LEVY

Mayor Meehl stated Council may wish to adopt the Preliminary 2014 Budget and Preliminary Levy for Taxes Payable in 2014 and may wish to schedule the date of Monday, December 9th, 2013 at 6:00 pm for the public to comment prior to the adoption of the 2014 Budget and 2014 Tax Levy. City Manager Klemm reviewed the proposed levy. It was noted, the preliminary total levy is \$1,154,323 which is 1.06% less than this year. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 2013 – 34 entitled "Resolution

In The Matter Of Establishing The Preliminary Tax Levy For Taxes To Be Collected In 2014, Perham, Minnesota”.

***NATURAL GAS ENERGY CONSERVATION/CIP PLAN**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the 2014 - 2016 Capital Improvement Plan for natural gas.

***NOVEMBER COUNCIL MEETING**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved rescheduling the November Council Meeting to Tuesday, November 12th, 2013 at 5:15; it was noted, Veteran’s Day is Monday, November 11 and is considered a legal holiday; no public business can be transacted.

***TEMPORARY ON-SALE LICENSE/ST. PAUL’S LUTHERAN CHURCH**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved a Temporary On-Sale Liquor License for St. Paul’s Lutheran Church for an event scheduled for September 28, 2013 subject to receipt of applicable fees and required information by the City Office.

***SOMEPLACE SAFE/FUNDRAISING EVENT**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council authorized the use of NP Park for a fundraising event to raise awareness of domestic violence; the event is scheduled for Friday, October 4th from 5:00 to 7:00 pm.

***ACCEPTANCE OF PERHAM LAKESIDE GOLF CLUB INCOME STATEMENT**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted PLGC’s Income Statement for July, 2013.

***ACCEPTANCE OF PERHAM AREA COMMUNITY CENTER’S FINANCIAL REPORTS**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted PACC’s Financial Reports for July 2013.

***ACCEPTANCE OF THE CITY’S FINANCIAL REPORTS**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the following reports for August 2013: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and Utility Aging Report.

PERHAM TOWNHOME LLC/TIF AGREEMENT

Mayor Meehl stated Council may wish to approve a Tax Increment Financing Agreement with Perham Townhome for the development of a 32-unit townhouse development consisting of eight four-unit townhomes, including street and infrastructure. EDA Director Johnson stated Terry

Roach intends to proceed with the project this fall in the newly platted Clearwater 2nd Addition. Roach will be installing all infrastructure for the townhomes and a 44-foot paved roadway.

EDA Director Johnson stated Roach has requested residential Tax Increment Financing for the project. The parcels they are purchasing lie within Residential TIF District 2-27 which was established several years ago for the Prairie's Edge development. Under TIF regulations, at least 40% of the tenants must be at or below 60% of the median income for Otter Tail County. This requirement lasts for the full 15-year duration of the Development Agreement.

EDA Director Johnson stated Otter Tail County has determined that the estimated market value of the 32 units would be \$2,327,500 and property taxes would be \$35,491. Ehlers and Associates performed a TIF Analysis and has determined the project would be eligible for \$387,895 in TIF increments. Discussion ensued.

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved a Development Agreement by and between the City of Perham and Perham Townhomes, LLC.

TUFFY'S PET FOODS

Mayor Meehl stated Council may wish to approve a Development Agreement with Tuffy's Pet Foods for their proposed Factory Facility Expansion Project. EDA Director Johnson stated the factory will be approximately 92,000 square feet and would be constructed of 45-foot precast concrete panels. The plans include a 110 feet tower on the east end and employee parking located between the new facility and the offices.

Plant Manager Jon Ebeling stated the project will modernize the plant to meet current production standards which will give them product control and separation. The project will increase capacity from the 130,000 tons to approximately 200,000 tons. The current facility will do grinding and packaging while the new facility will perform extruding. Product would flow back and forth over the former 1st Street via overhead tubes. The new building will house a large freezer area to store frozen meat. Ebeling stated employment figures will most likely not change. Tuffy's employs approximately 215 employees today and is struggling to find employees. If this struggle continues, additional automation may be needed.

EDA Director Johnson stated the overall project is expected to cost \$40,000,000 which includes \$18,000,000 for construction and \$22,000,000 for equipment. Otter Tail County estimates that the building would have an estimated market value of \$6,120,000 and would have property taxes of \$209,520. Ebeling stated they are still working with the County to reconcile the difference in building costs and estimated market value. Johnson stated the project will generate \$2,810,000 according to the TIF Analysis by Ehlers and Associates. Using the standard 75/25% sharing ratio, Tuffy's would be eligible for \$2,017,197 in increment for the 24 years left in TIF District 2-34.

EDA Director Johnson stated this project will be the largest construction project Perham has ever seen. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved a Development Agreement with Tuffy's Pet Foods, Inc.

***ACCEPTANCE OF THE BUILDING PERMIT REPORT**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the Building Permit Report for August 2013.

CITY ENGINEER MONTHLY UPDATE

Mayor Meehl stated the City Engineers will give an update on various projects.

Wastewater Treatment Facility Expansion

Engineer Anderson stated the following;

- The liner is installed.
- The airlines are being tested and results will be sent to MPCA.
- The pre-aeration pond #2 is filled and they are testing for leaks.
- Landscaping has started, site work is in progress and grass seed will be planted.
- Fencing will be going back up and a gate will be installed.

Discussion ensued regarding the DO levels. It was noted, the levels vary greatly but are going up with the cooler weather.

South Water Tower Resurfacing

City Engineer Berube stated the tower has been completed on the interior and exterior. The tank was filled last week and disinfection process is currently taking place. Test results should be available by weeks' end and the tower should be back on-line.

Third Avenue Southwest and Downtown Parking Lot

City Engineer Berube stated R. L. Larson started the underground utility improvements today. They have indicated that they will be starting with the water on the south end of the project and will move to the sanitary sewer when they have completed the water main in front of Calvary Church and the extension on Sixth Street. Underground utilities should be completed in approximately three weeks based on the contractors scheduling. Surface improvements will follow.

Clearwater 2nd Addition/Perham Townhomes, LLC.

City Engineer Berube stated plans and specifications have been sent into the Minnesota Department of Health for the water main extension, and to the Minnesota Pollution Control Agency for the sanitary sewer extensions. Upon approval, the owner will commence the underground utility extensions.

UNIFORM ADDRESSING

Mayor Meehl stated Council may wish to consider adopting an ordinance requiring properties within the City to display assigned address numbers. City Manager Klemm reviewed the ordinance. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Ordinance No. 351 entitled "An Ordinance Establishing Uniform Addressing, Perham, Minnesota".

***FIRE DEPARTMENT/DNR TRUCK**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council authorized the purchase of a 2005 Dodge truck from the Department of Natural Resources for \$9000.

***GENERATOR PURCHASE FOR MAIN LIFT STATION**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council authorized the purchase of a generator for the Main Lift Station from Topline Electric not to exceed \$48,790.00.

***ACCEPTANCE OF THE MONTHLY POLICE REPORT**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the Monthly Police Report for August 2013.

INFORMATION AND ANNOUNCEMENTS

The Committee of the Whole is scheduled for September 25 at 5:15

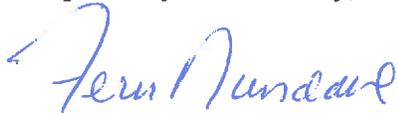
The LMC Regional Meeting is scheduled for October 9 in Wadena

The next Regular Council Meeting is scheduled for October 14 at 5:15 pm

ADJOURNMENT

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the meeting was adjourned at 6:05 p.m.

Respectfully submitted by,



Fern Nundahl
Administrative Assistant